



USAID MACEDONIA SMALL BUSINESS EXPANSION PROJECT

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STRATEGIC OVERVIEW

Nearing two years into implementation, USAID's Small Business Expansion Project (SBEP) continues to accelerate and utilize evidenced-based strategies to generate sustainable economic growth and impact across a wide variety of industries in Macedonia. The SBEP approach to stimulating MSME growth and addressing poorly integrated value chains focuses on inward-oriented supply chain enhancement and capitalizes on existing systems and resources, strengthening or creating new linkages throughout market systems. In the context of limited public-private coordination in Macedonia, SBEP tackles these challenges by fostering dialogue among disparate stakeholders, and by working directly with lead firms and MSMEs to identify needs, facilitate market linkages, implement proof-of-concept initiatives, and take these initiatives to scale.

This quarter we have moved forward with the strategy outlined in the FY 2014 Work Plan as "doubling down and scaling up," and have identified and further invested in successful programs from previous quarters, while scaling activities to the Northeast region, ensuring we are on the path to creating transformational and sustained economic change throughout the country. Also of note, SBEP is in the preliminary stages of beginning programs in the Vardar region (contingent on an additional \$1.7M in SECO (Swiss government) funding, expected next quarter).

Market-driven initiatives launched by SBEP's in 2012 and 2013 in industries such as agriculture, grains, and dairy; wild-gathered products; light manufacturing; rural tourism; construction; and women's entrepreneurship are anchored in real market opportunities and are jumpstarting economic growth in our target regions. In addition, SBEP initiated a series of new activities this quarter intended to further address the root causes of unemployment and stagnant local economies; activities included the apple value chain optimization project in Prespa, and the expansion of several activities aimed at supporting the creation of economic development plans at both local and regional levels.

As we expand and strengthen local partnerships and prioritize building the capacity of local and regional institutions, SBEP is increasingly better positioned to connect the dots and promote innovative strategies for local economic growth. From the *Grow Corn Initiative* where SBEP has focused on introducing new technologies and is now identifying new forms of financing for farmers, to the Women's Entrepreneurship activity in which SBEP has formed a first-of-its kind fund with support of leading local firms, SBEP's work in regions throughout Macedonia is fortified by the strength of local partners. This builds momentum among private sector partners and increases confidence for long-term investment, thereby creating sustainable value chains and stimulating local economies.

QUARTER OVERVIEW

During the second quarter of FY 2014, SBEP and its local partners implemented and supported activities in both the supply chain and public-private dialogue areas. SBEP and its partners made advancements in the following areas this quarter:

- Some 80 corn farmers were identified for this year's *Grow More Corn* initiative, in four regions: Polog, Pelagonija, and the Northeast and Vardar regions. A Corn Caravan was organized in Pelagonija.
- The light manufacturing supply chain consultants worked on the business case for IML food packaging and also other identified cases, including electronic control systems and displays for wood-pellet stoves and plastic EURO pallets. They also continued working on local supply chain development and identified companies willing to cooperate on both the buyers' and sellers' side.
- Three trainings were organized for wild herb and mushroom collectors in Polog: 95 new collectors were trained, 21 of whom were women.
- Local consulting company PointPro worked on Phase 2 of the study focusing on the establishment of a Public-Private Partnership or a similar contractual framework for sustainable collection and sale of wild-gathered products within Mavrovo National Park.
- TV advertisements, informing local population about the opportunity to engage in wild herb and mushroom collection, and encouraging them to apply for training and certification, aired for a month in February-March on regional TV stations in Polog.
- We organized an *AdventureEDU* training for 60 local tourism industry representatives in Skopje on March 25-26 in partnership with the Adventure Travel Trade Association (ATTA). In preparation for the FAM (familiarization) trip for ATTA members, travel writers, etc. which will take place in late August, a four-day tour around Macedonia was organized for ATTA's Executive Director.
- SBEP started partnering with local NGO Lokomotiva to activate artisans in the Prilep area and plug them into the supply chain of larger companies.
- SBEP entered a third region with the LEADER/LAG approach. The Northeast covers six predominantly rural municipalities, and is one of the least developed in the country. LAG Strategy Development sessions were held in each of the three Pelagonija micro-regions.
- On January 23, SBEP and the Regional Development Center (RDC) in Pelagonija organized a meeting between the mayors of Pelagonija municipalities and PointPro experts to discuss water and irrigation issues.
- On January 14, SBEP and local partners organized a conference on Diaspora Investment in Tetovo, gathering some 70 attendees, including national and local government representatives, businessmen, as well as partners from Kosovo and Norway.
- USAID SBEP signed a Memorandum of Understanding with Ecolog, a major company in the Polog region and with operations worldwide, to support the Women in Business initiative. Ecolog agreed to donate US\$15,000 to match the USAID funding for supporting women-owned or women-operated business. A Women's Entrepreneurship Advisory Board was also created to identify and recommend the businesses to receive support.
- Another local women-owned business is now being supported within the initiative - Jehona's Event Agency in Tetovo - with two more in the pipeline.

Following are details about each of these activities in distinct value chains, as well as in the area of public-private dialogue.

VALUE CHAINS

Grow More Corn

During this quarter, 80 farmers were identified for this year's Grow More Corn program, through which farmers will shift to growing corn with drip irrigation rather than traditional flood or sprinkler methods, as well as adopt modern farming protocols on their fields. The initiative builds on the momentum of the 2013 campaign, in which 40 pilot farmers were able to increase their yields dramatically. In addition to Polog and Pelagonija, the two regions from last year, in 2014, farmers from two more regions will participate: the Northeast and the Vardar regions. The lists of farmers were compiled through suggestions from leading local dairies, the National Extension Agency (NEA), the RDCs, and local municipalities.

The identified plots are currently being measured, which is important for the design of the irrigation system for each individual plot. During March, a total of 69 parcels were measured in all four regions, and the remaining 11 will be measured in the first week of April.

Farmers in this year's Grow More Corn group are eager to try the new technology, as they already recognize its potential. Ismet Delikj, a dairy farmer from the village of Vodovrati, in the municipality of Gradsko (Vardar Region), said:

"Last year I had 20 dairy cows, but had to sell 6 - because feed, and particularly corn, was so expensive. This year, since I am going to save a substantial amount of money on feed because of the drip irrigation system, I will start increasing the number of cows."

Before the field visits and the plot measurements, informational meetings were held with the participating farmers: on March 14th in Bitola with cooperants of the BiMilk dairy, and on March 21st with corn farmers who only produce corn for grain (as opposed to silage for cattle fodder). In Polog, there were two meetings as well, both on March 17th, one in Tetovo and one in Gostivar.

Value Chain	Activities this quarter
Grow More Corn	<ul style="list-style-type: none"> • MK Government officially approved a "50/50 measure" for subsidizing drip irrigation for growing corn in the National Program for Financial Support of Agriculture for 2014 - \$111.000 allocated. • 80 new farmers were identified and more than half of the plots were measured in Polog, Pelagonija, the Northeast and Vardar regions. • Local agricultural input provider, Magan-Mak, won the contract for providing the drip irrigation systems and technical assistance for their use.

Future steps will include trainings, which will be conducted by MaganMak and NEA, with support from the RDCs and SBEP. Once the corn is planted, installation of the system is conducted after the stalks grow their forth leaf. Depending on the weather conditions, this process should be completed by June. Baseline data will be collected from all the farmers, so as to be able to compare their yields and inputs such as labor, water, and fertilizer before and after introducing the drip irrigation system.

In January, the Government of Macedonia officially approved and included a "50/50 measure" for subsidizing drip irrigation for growing corn within the National Program for Financial Support of Agriculture in 2014. With this subsidy measure, for which some \$111,000 USD have been allocated, the farmers who invest in drip irrigation systems, will get a 50% refund. However, if there is larger interest among farmers for investing in drip irrigation, they will be able to use money from other measures within the National Programs, which amounts to 44 million USD.

The identification of the 80 farmers for this year's program was also preceded by a "Corn Caravan" in Pelagonija. The purpose of the caravan, which took place between February 17-26, was to share information about last year's achievements in growing corn with drip irrigation and to promote its benefits among farmers. The presentations were held by SBEP staff, as well as by representatives from the RDC-Pelagonija and the NEA. Technicians from Magan-Mak, our drip system vendor, were also present to answer any technical questions from the interested farmers. Farmers received brochures which explained the process of growing corn with drip irrigation and encouraged farmers to follow proper agricultural protocols. The brochure entitled "*Grow More Corn – How to increase corn yields and quality*" contains easy to understand guidelines on the use of the systems and protocols that were tested through the *Grow More Corn* initiative in 2013. 4,000 copies of the brochure were printed, half of which were distributed as an educational insert in the March issue of the agricultural magazine "Moja Zemja". All in all, events were organized in 15 locations, covering over 80 villages in the Pelagonija region and attracting over 170 farmers.



Corn Caravan sessions in two of the villages in Pelagonija

Local agricultural input provider MaganMak won SBEP's open competition for supplying the drip irrigation systems for the farmers within the 2014 program. The Request for Proposals for the procurement was published in three daily newspapers at the end of January/beginning of February in both Macedonian and Albanian. Six companies collected the tender documentation, of which only three submitted a bid. Subsequently, SBEP has had a number of meetings with MaganMak representatives to define next steps, especially with regard to the technical assistance as they are crucial in providing the farmers with the necessary knowledge about the drip irrigation systems and the protocols that are used to achieve the highest yields possible while maintaining environmental best practices.

A documentary film about the *Grow More Corn* initiative started airing on three regional TV stations in Pelagonija on March 11 and ended its run on April 5. The film was produced by leading agriculture journalist Suzana Trajkovska on SBEP's request in order to publicize the success of the *Grow More Corn* approach to increasing corn production in 2013. The documentary contained positive testimonials about the initiative from a selection of farmers and all of the initiative's regional partners, while also covering its strategic approach.



Outreach activities continue so as to reach as wide an audience as possible

As we scale the initiative in this second growing season financing for farmers is an important consideration. At the caravan sessions, SBEP promoted financing sources for the purchase of drip irrigation systems: through the newly opened “50/50 subsidy measure” in the National Program for Financial Support of Agriculture in 2014, a favorable loan through the Bitola Startup Center, as well as financing through the dairy companies where farmers sell their milk. SBEP is also developing plans for a Development Credit Authority (DCA) partial loan guarantee facility as part of this effort. In February, our team met with DCA representatives from Washington DC to explore opportunities to introduce a DCA loan guarantee mechanism with one or several Financial Institutions in Macedonia, targeting farmers who want to invest in drip irrigation. Financial institutions view farmers as a high risk group, and as a consequence, farmers have limited opportunities to access finance. Through DCA guarantee mechanisms, more farmers will have the potential to invest in drip irrigation. The coming period should see communication with Washington about introducing DCA in Macedonia, as well as with potentially interested financial institutions, based on a concept paper and financial projections drafted by Mr. Joe Martin of the Peace Corps. In this context, SBEP staff met with the director of the Agricultural Commodity Exchange, Mr. Nimetulla Ramadani, and pitched the concept of introducing a Warehouse Receipt System to bring the Exchange on board as a partner. Mr. Ramadani expressed his interest and agreed to cooperate on this matter. During this quarter SBEP also held internal discussions about drafting a white paper, which would be presented to the Macedonian Government, detailing the positive effects that greater financing of drip irrigation for growing corn can have on the economy in Macedonia, including import substitution, greater domestic milk production, improved water management, and more.. For this purpose, SBEP will use the experience and data gathered from the ground within the *Grow More Corn* initiative, and cross-reference it with general statistical data on the sector, which will be made available by PointPro experts.

Light Manufacturing

The Supply Chain consultants hired by SBEP continue their work on the ground, focusing on two main directions: *local supply chain* development through matchmaking between buyers and suppliers, and *new market development* through identification and facilitation of projects aimed at new local production development designed for import substitution.

In terms of new market development, the consultants have advanced in the areas of IML (in-mold labeling) packaging, electronic control systems, and displays for wood-pellet stoves and plastic EURO pallets.

Value Chain	Activities this quarter
Light Manufacturing	<ul style="list-style-type: none"> Our supply chain consultants continued working on the development of the business case for IML plastic containers used in food packaging. Two local companies are willing to invest in IML lines, as a number of the biggest food companies in the country said they were willing to substitute imports

The case for IML plastic packaging is the most advanced to date. These products are 100% imported even though there are some local capacities for their production and companies who are willing to invest in the development of IML lines. The consultants have gauged the interest of local food manufacturing and processing companies, which are currently importing these products from abroad (including Ideal Shipka, BiMilk, Milina, Swisslion, Cermat and Zdravje Radovo), and all have shown willingness to substitute imports with high-quality local products by reliable domestic suppliers and redirect their purchasing power within the country.

There are two potential companies which are willing to develop IML production capacities: Plamteks, which is already producing limited quantities of this type of packaging, and Mak Tois which does not do IML but is willing to invest. After learning about the consultants’ finding, Plamteks started purchasing the technology to expand its business. Mak Tois is at a similar stage – building a brand new facility and expecting equipment that can be upgraded for IML.

Substituting IML imports with local suppliers will allow Macedonian companies more flexibility and greater speed in their procurement process, giving them the possibility to better plan their financials and inventory management. Resulting savings will allow for investment, growth, and job creation.

The consultants have identified another opportunity for import substitution: controlling systems for wood-pellet stoves for individual housing. There are only five companies in Ohrid producing these types of stoves, mainly for foreign markets, and they import the controlling systems from Italy. A rough estimate of the value of this import is between 350,000 to 450,000 EUR, depending on the type of controlling system.

In this context, the consultants started an initiative with SMD, a young Skopje based company to develop a similar product that will also have the capability to be controlled wirelessly through a smart phone or a web-based application. With the help of the consultants, SMD met a couple of the producers of wood-pellet stoves in the country and are working on developing and testing the product in order to satisfy quality and functional requirements. If they succeed and manage to obtain even 10% of the business this year, there would be around 30-40,000EUR of import substitution, and more importantly, SMD would develop a Macedonian high-tech product that can compete with already established brands, not only locally, but also in the surrounding countries (Serbia and Bosnia are known producers).

As for the plastic pallets (used for shipping products of smaller weight and bigger volume), there is still room for newcomers to the market and a local plastic producing company is interested in entering. The company plans to approach a big European food production company when they meet in Macedonia with their local suppliers and start the market development.

In regards to local supply chain development, the consultants met with an FDI company that specializes in production of minibuses (up to 20 seats). In addition to an assembly operation which the company currently has, they plan to develop their own branding for a specified market. To produce the vehicle, the company needs a new production facility and the consultants suggested they develop in the Tetovo Technological and Industrial Development Zone (TIDZ), as they have established communication with NORMAK, the company managing the Zone. Talks are underway, and if all goes well the company could launch and start production by this fall, resulting in an expected investment of up to 1 million EUR, employing 50 persons, and creating an opportunity to develop the local supply base.

The consultants also identified a company that develops and implements controlled atmosphere storages, most often utilized by the food production sector. Additionally, the company's team designed a geothermal pump that will be produced locally and utilized in their storage facilities making them 3-4 times more energy efficient in comparison to the usual energy sources. As analyses for fresh food production capacities show, there is a high need for these types of storages in Macedonia. The consultants suggest a partnership approach between the storage producer company and food producers. This would fuse SBEP's work in the agricultural and light manufacturing sector, and could be an opportunity for support. In the coming period, this initiative will be further developed.

The consultants also continued with the follow up on previously developed leads. They shared samples with companies and discussed the leads regarding rubber products (with Izo Staklo from Prilep and RBI from Gostivar), plastic packaging for peanut butter produced by Swisslion (with Plamteks from Skopje), and biscuits for the ice-cream "sandwich" for Cermat (with Vitaminka).

In coordination with USAID IDEAS project, the consultants started an activity to initiate value chain mapping and are charged to screen and catalogue between 150 and 200 companies from the light manufacturing sector in Macedonia. This data will help the consultants develop value chain maps with concrete information regarding the main players and stakeholders in the chains. In February, the consultants completed desktop research and started communicating with more than 100 companies not previously approached. In March, the consultants met with them to gauge their interest in participating in the supply chain activity in Macedonia, both on the buyers' and on the sellers' side. This will provide a better overview of the sector and better visibility of potential new opportunities for development and growth. Through the IDEAS project, this information will also be disseminated to the national authorities tasked with attracting FDI in Macedonia, serving as a source of information of potential local supply to future foreign investors.

Worth mentioning is another idea that came to fruition during this quarter: the establishment of a Macedonian Association for Metal and Electro Industry. The Association aims to unite companies from these sectors and provide them with quality business services that are currently lacking in the existing organizations. The Association is supported by the Swiss program SIPPO, and is planning to become the central hub for sector companies from all over Macedonia. This Association can utilize the model for supply chain connections between the domestic companies in the future, thus providing an alternative for sustainability of the initiative.

Wild-Gathered Products

Since wintertime is the low season for collecting wild herbs and mushrooms in the forests, SBEP's activities during this quarter centered on informing and encouraging the local population to take part in the training and certification. A TV advertisement aired on local TV stations in the Polog region from February 22 to March 23. In addition to the TV ad, SBEP's partners on the ground, including the Mavrovo National Park and the local municipalities, spread the information to the local populations.

Three trainings took place this quarter: in Skudrinje, Bogovinje and Gostivar, training 95 new collectors, 21 of whom were women. Previously trained collectors from the villages of Vrben and Rostushe in the Mavrovo National Park also received certificates and brochures that SBEP produced. Additionally, USAID Mission Director Mr. James Stein visited the National Park and attended one of the meetings with the local population in Vrben, learning more about the locals' experiences living off of this type of economic activity.

Trainings focused on methods of sustainable collection of herbs and mushrooms in the wild, and acquainted collectors with the related rules and regulations. In Gostivar, one officer from the border police also attended the training and suggested that it would be beneficial for members of the border police to attend. If there is sufficient interest, SBEP plans to organize a training session for border police officers in April. SBEP continues to organize training sessions for groups of 10 or more collectors in a community. The next sessions will be held in the municipality of Demir Hisar.

Value Chain	Activities this quarter
Wild-Gathered Products	<ul style="list-style-type: none"> 95 new collectors trained in three trainings, 21 of whom were women USAID Mission Director visited Mavrovo National Park and attended a gathering of wild herb and mushroom collectors in the village of Vrben in January TV advertisement aired for a month in February-March on regional TV stations in Polog, informing local population about the opportunity and encouraging them to apply for training and certification PointPro advanced on Phase 2 of the study on the establishment a Public-Private Partnership or other contractual framework for sustainable collection and sale of wild-gathered products within Mavrovo National Park



Training in Bogovinje

This quarter also saw the continuation of the local consulting company PointPro's work implementation of activities related to collecting, handling, storing, and selling wild-gathered products on the territory of the National Park Mavrovo. In phase 1, PointPro delivered a viable business model for the establishment of a new line of business for the National Park Mavrovo. In phase 2, they focused on establishing a Public-Private Partnership (PPP) or other contractual framework for sustainable collection and sale of organic non-wood forest products within the National Park.

The TV advertisement on wild-gathered products produced at the end of 2013 by SBEP was aired on three local TV stations in the Polog region: TV Koha, TV SuperSky, and TV Kiss from February 22 to March 23, with an average frequency of 5 showings per day on each station, reaching a potential audience of 300.000 people.

As a result, a number of interested collectors contacted both SBEP and Mebi-Prima, the Collection Center in Pirok, either to inquire about the trainings or to sell collected products.

PointPro organized and facilitated meetings between the Park representatives and the major buyers of wild-gathered products (Ko-Ro and Konimeks Holding Company from Skopje, Extra Fungi from Kocani, Igor Komerc from Gostivar, Ksenos from Demir Hisar and Tea Plants from Veles) in order to explore opportunities for a collaborative model between the Park and the respective companies. In addition, collectors in the Park completed more surveys and the necessary PPP framework, including tendering documentation for concession and other regulation amendments.

The majority of the companies suggested that there be a middle-man, i.e. an integrator, between the collectors and the larger buyers/processors/exporters of wild-gathered products. The role of the Park, apart from regulating and monitoring, could be to provide the infrastructure and support to whomever resumes the role of an integrator. In exchange for having the right to buy wild-gathered products from the Park, the companies would be willing to pay a certain fee, either in the form of an annual lump-sum advance payment, or based on a periodic calculation per purchased kg. The issue of who would resume responsibilities of an integrator within the Park remains to be determined in the coming period. SBEP will continue supporting the National Park Mavrovo in this endeavor, which will open new jobs for the local population and at the same time safeguard the natural resources.

Optimizing the Apple Value Chain in Prespa

SBEP hired PointPro consultants to analyze the current state of apple production in the Prespa region (i.e. conduct market research in order to propose alternative business models for the utilization of apples). This strategic initiative, which originated from discussions within the Prespa LAG, whose members are all involved with apple production or processing, aims to identify, analyze and eventually execute best alternative projects (measures) that will significantly add value to the apple farming economy within the Prespa region. The findings of this research will be very beneficial for the Prespa LAG, as it will enable them to formulate strategies for economic growth.

There are approximately 4,000 hectares of apple orchards in the region with average annual apple production of some 100,000 tons. Only 30-35% of this produce accounts for high quality apple varieties such as Golden and Red Delicious, Granny Smith, Mutsu, Chadel and Golden Gala ones. The remaining part of orchards are planted with Idared apple variety, an American hybrid, characterized by higher yields (almost double than the other varieties, or 40-50 tones/ha), and a long storage life.

However, global markets for fresh apple consumption do not recognize the Idared apple variety as a premium one, hence, the wholesale purchase prices are almost half the price of premium cultivars. As a result, large quantities – some 30-50 % of the total production of Idared, especially of lower category classes - must be sold as raw material for industrial processing operations, mostly for apple juice concentrate production, to local processors at a very low price. This represents the core problem for local apple farmers, and results in a decreased average price per kg of product sold, and a relatively modest overall economic result.

The purpose of the market research was to identify viable apple processing options which will utilize a significant quantity of the apple produce in Prespa and add value to apple farming, while simultaneously introducing an implementable business model.

In the first phase, PointPro completed an analysis of global market trends and practices in apple cultivation and identified options/business operations that have the potential to add value to apple farmers via increased apple purchase price, utilizing larger volume of apples, and that are feasible within Macedonia and regional strategic context. This preliminary research finding will serve as an information platform for further discussion and assessment on the alternative business models.



The next phase will be the assessment of these options from an implementation point of view, including aspects like investment and ROI, availability of partners or strategic investors, local willingness and preparedness to participate. The consultants will use the current knowledge and information base for a broader discussion with key stakeholders, such as municipal and farmers associations' representatives. Upon receiving that feedback, a full blown study of the most feasible business option will be developed and presented at a conference planned for the end of May or June of this year.

Artisans in Pelagonija

This quarter, SBEP revived an activity that was envisioned early-on in the Project: activating artisans in the Prilep area to produce hand-made corporate gifts and branded goods for the leading local companies. We have contracted local NGO Lokomotiva and designer Jana Acevska to resume the activity with a somewhat different approach: visiting a number of anchor firms in the Prilep region to gauge their interest in supporting the local economy by procuring products from local artisans. In addition, Lokomotiva mapped the artisans in the Pelagonija region who were willing to participate in the initiative by working with the designer to develop prototype products, which would then be presented to the companies.

PPD	Activities this quarter
Artisans in Pelagonija	<ul style="list-style-type: none"> SBEP has started cooperation with local NGO Lokomotiva in activating artisans in the Prilep area and plugging them into the supply chain of larger companies

During this first phase of the activity, Lokomotiva together with RDC Pelagonija had meetings with three large companies in Prilep: Vitaminka, the Prilep Brewery, and Comfy Angel. The director of Vitaminka expressed interest to invest in locally produced hand-made gifts, while the director of Comfy Angel offered their scrap-materials for the artisans to use in their product development. A follow-up meeting with the Prilep Brewery will be scheduled. One takeaway was that future meetings of this type should be organized once the prototypes have been developed, so that concrete proposals can be made.



Some artisan products found in Pelagonija

In parallel, the Lokomotiva and RDC Pelagonija teams mapped the artisans in the region, doing field research and conducting surveys. They received additional information about the materials, production processes, optimal monthly production and capacity for production. As a result, they identified a handful of artisans who can work on product prototypes, and a few places from which they can procure raw materials to be used for product production. The mapping also resulted in a list of contacts of the artisans in the region for future use. Through this activity we expect to impact a number of artisans in the region, increasing their revenue streams and allowing for growth and job-creation, particularly for local women.

In the next phase, the Lokomotiva team will work on several concrete proposals for product development, as well as on prototypes of one or two products.

Rural Tourism

MACEDONIA TRAVEL ADVENTURE INITIATIVE

After launching the Macedonia Travel Adventure Initiative and signing the MoU with the National Agency for Support and Promotion of Tourism during the first quarter of FY 2014, SBEP focused this quarter on planning and organizing the first of the envisaged activities: the *AdventureEDU* training.

As a strategic move, SBEP facilitated communication and closer cooperation between the National Agency and ATTA (the Adventure Travel Trade Association), the leading adventure travel industry group in the world, and SBEPS' other major partner in the initiative. Having been exposed to the work

and experience of ATTA, and at the same time recognizing the potential of this tourism niche (considered to be Macedonia's competitive advantage), the National Agency officially announced the cooperation with ATTA at the beginning of March during ITB Berlin, the biggest tourism trade fair in the world, thus opening another avenue for cooperation with the Macedonian tourism industry.

Value Chain	Activities this quarter
Rural Tourism	<ul style="list-style-type: none"> <i>AdventureEDU</i> training held for some 60 local tourism industry representatives in Skopje on March 25-26 in partnership with ATTA A four-day tour around Macedonia was organized for ATTA representatives, as preparation for the FAM (familiarization) trip for ATTA members, travel writers, etc. to take place in August

In parallel, preparation work continued for the *AdventureEDU* training, which gathered some 60 tourism industry professionals from Macedonia and was delivered by ATTA experts. As part of the groundwork, SBEP and its local partners identified a number of local industry professionals to participate in the training, including inbound tour operators, guides, hotels, and lodges, as well as state and local government industry representatives. ATTA and our in-house tourism consultant Kirk Smock surveyed the professionals in order to gather information that would help customize the training. Survey questions centered on what local tour operators offer, how they advertise and attract customers, the number of visitors they have, etc. At the same time, ATTA conducted a poll among its members about their attitudes and perceptions of Macedonia as an adventure travel destination and why they do or do not offer trips in this region.

The purpose of the two-day training was to build the capacity of key industry members to deliver adventure travel services. ATTA's Director for Europe, Mr. Chris Doyle, was one of the trainers, as well as Mr. Jack Delf, owner of ATTA member organization Black Mountain Adventures Montenegro, and Ms. Julie Thorner, *AdventureEDU* Educator.

Mr. Doyle kicked off the event and provided an overview of the global adventure travel context, and focused on ATTA and its range of programs that encourage sustainable adventure tourism market development. The results from both surveys were shared and discussed among the participants, offering both inside and outside perspective of Macedonia's standing in the adventure travel marketplace. In the second part of the day, Mr. Delf focused on product development, using concrete examples from his experience and through group exercises where the participants were charged with creating successful adventure trips in Macedonia.

As Mr. Delf is charged by the USAID REG (Regional Economic Growth) project to work on developing multi-country travel packages and itineraries, he asked the Macedonian group to provide input so that they can join the program, thus attracting new buyers and increasing international sales for Macedonian companies.



Mr. Jack Delf during one of the sessions of ATTA AdventureEDU

During the second day's sessions, Ms. Thorner focused on marketing Macedonia as an adventure destination, and on marketing adventure tourism at the firm level. The final session of the training provided guidance on how to link the products developed with a consistent marketing message. An important component of the training was how the various stakeholders can work together to deliver and market these trips regionally and internationally.



A few highlights from the tour around Macedonia

Following the training, and in view of the next activity within the initiative – the ATTA AdventureWeek-Western Balkans, a FAM tour planned for August of this year – Mr. Doyle and others took a 4-day trip around Macedonia, visiting sites and participating in adventure travel activities that will potentially make the itinerary.

The FAM tour will bring a larger group of ATTA member tour operators and writers to Macedonia and acquaint them with the potential and offerings that this new destination has for the international adventure traveler. Since the best way to promote adventure tourism is to do so regionally, the AdventureWeek and adventure travel offers will be regional and SBEP's partner, the REG project, will coordinate collaboration between Macedonia, Albania, and Kosovo. This will be the second in a series of steps to promote Macedonia's adventure tourism potential and tap into the ATTA's global network of over 20,000 tourism industry actors.

PUBLIC-PRIVATE DIALOGUE INITIATIVES

Regional and Local Capacity Building

LEADER / LAG

This quarter, the Local Action Groups (LAGs) in Pelagonija continued working on their strategy development with support from SBEP through the RDC. Three sessions were held, one in each of the micro-regions. All groups have established the core membership and have chosen a name for each of the LAGs. Official registration for all three LAGs is still pending.

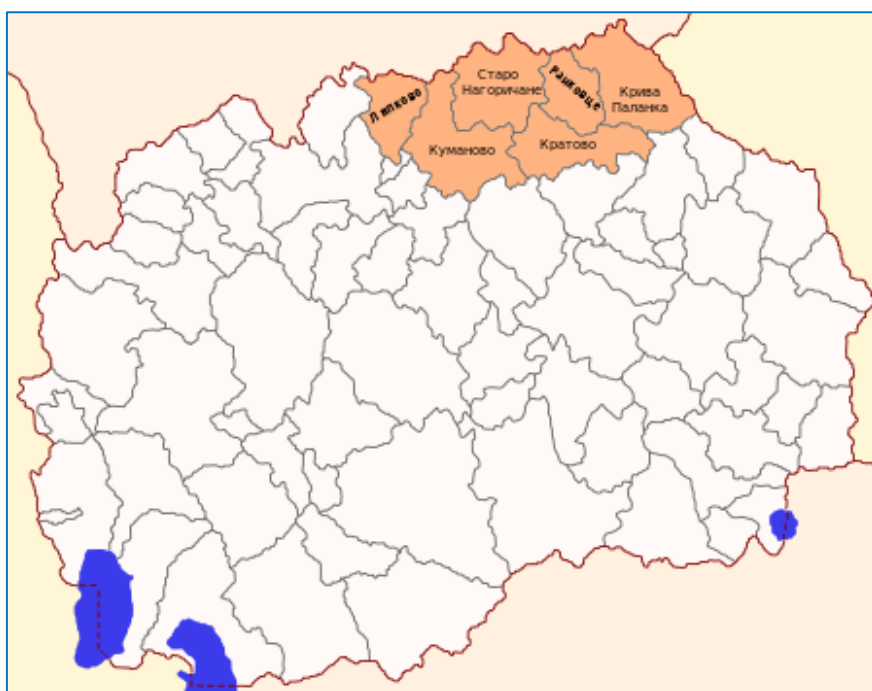
As envisioned in our FY 2014 Work Plan, this quarter SBEP started activities in a third region. The predominantly rural Northeast region, encompassing six municipalities, is one of the least developed regions in the country. As a first step, communication was established with the RDC, based in Kumanovo, and a number of meetings were held with the director, Mr. Mladen Protic. The activities in this region will be conducted in line with the LEADER/LAG approach, and for that purpose, SBEP staff working out of the Pelagonija RDC will provide support for the implementation since they have successfully gone through the process in the last year.

PPD	Activities this quarter
LEADER/LAG	<ul style="list-style-type: none">• Three LAG Strategy Development sessions were held in each of the Pelagonija micro-regions.• SBEP entered a third region (the Northeast) and the activities it conducts will be through the LEADER/LAG approach.• A meeting was held in the Polog region about the possibilities of introducing the LEADER/LAG there.



First workshop for developing local rural strategy of the Local Action Group AGRO LIDER, held on 17th of March 2014 in Prilep

At the Council of Mayors of the Northeast region meeting on March 11, SBEP and representatives of RDC Pelagonija presented the concept of the LEADER/LAG approach and the proposed collaboration with the RDC in view of its implementation. The Mayors supported the initiative and voted in favor of the RDC starting official cooperation with SBEP. Next steps will involve preparation of a Letter of Cooperation, which will incorporate the activities planned for the region. Additionally, SBEP staff went into the field and identified the first batch of farmers who will participate in this year's Grow More Corn initiative. Other avenues of cooperation with this RDC include the adventure tourism activity and the wild herb and mushroom collection.



The Northeast planning region encompasses six municipalities: Kumanovo, Kriva Palanka, Kratovo, Staro Nagorichane, Rankovce and Lipkovo, and according to the census from 2002 has a population of 173,814 inhabitants

SBEP's success in implementing the LEADER/LAG in Pelagonija resulted in the government allocating approximately US\$155,000 for developing and implementing rural development activities in the National Program for Financial Support of Agriculture for 2014.

In addition to replicating the activity in the Northeast region, SBEP is working towards implementing it in the Polog region. Similar conversations have started with representatives of the RDC, but this process is moving slower than envisioned due to the low capacities of the RDC as an institution. In the coming period, SBEP will decide what the best approach will be to advance this initiative in Polog.

Irrigation in Pelagonija

As a continuation to the Irrigation Feasibility Study for the municipality of Novaci, SBEP and RDC Pelagonija continued the engagement of the local consulting company PointPro to expand the research and study on the irrigation capacities and potential of the whole Pelagonija region.

For that purpose, on January 23, a meeting was organized between the mayors from the region and PointPro experts on the topic of water issues in the local municipalities. Irrigation is of crucial importance for agricultural production, and is an issue that requires a regional approach. The mayors of Prilep, Krivogashtani, Dolneni and Demir Hisar attended the meeting, as well as representatives from the rest of the municipalities and the public enterprises such as Strezevo and Prilepsko Pole.

PointPro continues to compile data necessary to develop a feasibility study about the water and irrigation situation in the region and during the rest of the quarter focused on investigating the operations of Strezevo, one of the major players in water management in the Pelagonija region. The goal is to optimize their work in order to use their full potential in managing the water resources available.

PPD	Activities this quarter
Pelagonija Irrigation Feasibility Study	<ul style="list-style-type: none"> A meeting between Pelagonija mayors and representatives of Public Water Companies took place in Bitola on January 23, with the purpose of discussing water issues of the local municipalities.

Strategic Plan for Local Economic Development of Prilep Municipality

SBEP has engaged in assisting Prilep, one of the leading municipalities in Pelagonija, to develop a Strategic Plan for Local Economic Development. Discussions began in 2013 but activities started this quarter as SBEP assembled a group of experts who will systematically approach the process and help the municipality develop a plan for the period 2014-2020. The Plan will cover five major areas of development: infrastructure and investment, SME/supply chain, workforce, tourism, and agriculture. For each of the areas there will be a working group led by experts in each of the fields. Consultant Gabriela Micevska has been hired to coordinate the working groups and synthesize their findings and recommendations into a single document. Ms. Micevska will also coordinate the work of the working group on agriculture. The infrastructure and capital investments segment will be led by PointPro experts, while the SME development (i.e. the supply chain component), which will include local artisans, will be covered by SBEP supply chain experts Dejan Janevski and Goce Peshev. The workforce development component will be developed by a group led by USAID's YES Project, while the tourism component will be led by the RDC Pelagonija.



Ms. Micevska presenting at the first plenary session of the working groups for Prilep's Strategic Plan for Local Economic Development

The first plenary meeting of the five working groups, which include representatives of the municipality, the regional economic chamber, the Federation of Farmers, the NGO sector and other stakeholders, took place in Prilep on March 24. Ms. Micevska presented the concept and introduced the plan of work, and gave an overview of the previous strategic plan as a starting point to build upon, taking into consideration what has been achieved to date.

In the coming period, there will be one more plenary session with the entire group, after which the experts will have individual meetings with their working groups to discuss opportunities and development potentials. The process will continue in the next quarter and it is expected to be finalized by June 2014.

Diaspora Investment

A conference on Diaspora Investment, organized by SBEP in cooperation with the Economic Chamber of North West Macedonia and the Municipality of Tetovo on January 16, gathered partners and stakeholders to discuss strategies on how to attract Diaspora investment in Polog.

Macedonia's Minister of Economy, Mr. Valon Saraqini, Mayor of Tetovo, Ms. Teuta Arifi, and

PPD	Activities this quarter
Diaspora Investment	<ul style="list-style-type: none"> SBEP organized a conference on Diaspora Investment in Tetovo on January 16 A study tour to Norway is currently being prepared for the end of May 2014

the President of the Economic Chamber of North West Macedonia, Mr. Menderes Kuqi, were among the speakers. The 70 plus attendees included counterparts from Kosovo, lead Diaspora investors in the region, representatives of other local businesses established with Diaspora support, municipal mayors and LED officers, experts and other stakeholders.



The Diaspora Invest conference attracted a number of stakeholders and international partners

One of the goals of the initiative is to transform the remittances which Diaspora members transfer to families back home into investment. Establishing Diaspora offices will facilitate this process by providing Diaspora members with information about investment possibilities, the general economic climate, workforce issues, and more. Two such offices are envisaged: one in the municipality of Tetovo, and one in Skopje managed by the Economic Chamber of North West Macedonia.

A major partner in the initiative, NORMAK Investment Group, the company managing the Tetovo TIDZ, will serve as an anchor for investments. NORMAK is a Norwegian company providing a natural link to Norway where there is a large Diaspora community from Polog. The new Tetovo TIDZ represents a major new opportunity for economic growth in the region, including for the local firms which will supply the companies in the Zone with goods, services, and workforce.

Among the attendees of the conference on Diaspora Investment in Tetovo were:

- Mr. Geir Reirsén, SIVA
- Ms. Alma Karabeg, SIVA
- Mr. Adrian Spahiu, Manager of Diaspora Engagement in Economic Development Project at UNDP Kosovo
- Mr. Kresnik Thaçi, Investment Promotion Agency of Kosovo
- Mr. Roberto Cancel, IOM, Kosovo
- Mr. Aki Etemi, NORMAK General Manager (Tetovo Industrial Zone)
- Mr. Arben Abdurahmani, General Manager of Vezë Sharri, Tetovo
- Mr. Arban Kurtishi, Ecolog, Tetovo
- Mr. Visar Fida, Invest Macedonia CEO

The partnership with the Norwegians in the Diaspora Invest initiative will extend to a B2B trip to Norway, planned for the end of May. The preliminary agenda includes visits to the Oslo Industrial Zone in order to understand the importance of developing such a zone as a hub of economic growth and to meet the Diaspora business community and Norwegian companies in search of opportunities for potential joint ventures between Norwegian and Macedonian companies. The trip is planned in partnership with NORMAK and SIVA, the Industrial Development Corporation of Norway, as well as

Innovation Norway. Participants in the trip will consist of a select group of local Diaspora businessmen and be joined by the Tetovo Mayor, Ms. Teuta Arifi, whose official visit to Norway will coincide with the trip. Having representatives of the local business community, the Industrial Zone as well as the local government, mutually reinforces the efforts in pushing for quick implementation of activities of interest to the local economic development of the region.

The Regional Action Group (RAG) SBEP has established to coordinate these efforts continues to work the development of a database of existing Diaspora companies. Information is being gathered by all of the partners in the initiative, including the Economic Chamber of North West Macedonia and the municipal LED officers. To date, data has been collected about 60 companies, and the process is ongoing. Materials are also compiled for the website, which will provide information to potential investors.

Workforce Development in Construction

In the second quarter of FY 2014, SBEP started activities to establish a public-private partnership in the sphere of workforce development for the construction industry in Polog. Consultant Argjent Karai, together with SBEP, has started identifying stakeholders and approaching them with the proposal to join and support the initiative.

The idea is to create a vocational education center which would offer specialized training and certification courses for the construction workforce, so as to overcome the existent skills gap reported by the companies in the region. It is envisioned that the center offers five to six educational profiles depending on the needs of the companies, and it will be based on the concept of similar vocational schools in Europe, and the one in Skenderaj, Kosovo, which was designed by Mr. Karai. The curricula will be a combination of theoretical and practical knowledge, and it will be defined in cooperation with the Adult Education Center, the Economic Chamber of North West Macedonia, and with input from the companies.

Value Chain	Activities this quarter
Workforce development in construction	<ul style="list-style-type: none"> Architect and consultant Argjent Karai together with SBEP started identifying and approaching stakeholders for the initiative



Consultant Argjent Karai visiting the space at the VET school in Tetovo, which is planned for refurbishment and which will accommodate the Educational Center

For a successful outcome, the companies' involvement is crucial in the process, and the Chamber has committed to providing a list of construction companies interested in joining and supporting the initiative. The VET school in Tetovo agreed to provide the space for the facility – it needs to be refurbished and equipped for training in line with modern construction workforce needs. The Municipality of Tetovo is also on board for the initiative, as it is in line with the local strategy for developing professional education.

SBEP and Mr. Karai continue to approach stakeholders, including the donor community, to ensure support from a wide range of stakeholders for all the phases of implementation of the initiative.

Women's Entrepreneurship

SBEP's Women in Business activity has seen a significant development this quarter. On March 27, SBEP signed a Memorandum of Understanding with Ecolog, a large company from Polog with operations worldwide, to join funds for the support of small businesses owned or operated by women and youth in the Polog region.

Ecolog's decision to participate in the initiative and allocate US\$15,000 for the joint fund with USAID is a first of its kind in the region and stands as an example for other companies to follow. It also ensures sustainability of the initiative by encouraging large local businesses that already have CSR components to allocate a portion of their funds to support small businesses.

PPD	Activities this quarter
Women's Entrepreneurship	<ul style="list-style-type: none"> • USAID SBEP signed an MoU with Ecolog, a large international company from Polog, to establish a joint fund for supporting small women-owned and women-operated businesses • A Women's Entrepreneurship Advisory Board was established, which will identify and recommend small businesses to be supported by the fund • One more local women-owned business supported within the initiative: Jehona's Event Agency in Tetovo, with two more in the pipeline



The members of the Women's Advisory Board with the Chairman of the Advisory Board of Ecolog Tetovo, Mr. Lazim Destani and H.E. Paul Wohlers, US Ambassador to Macedonia and wife after the signing of the MoU between USAID/SBEP and Ecolog

The Chairman of the Advisory Board of Ecolog Tetovo, Mr. Lazim Destani, with H.E. Paul Wohlers, US Ambassador to Macedonia, as the guest of honor, hosted the signing of the Memorandum of Understanding. The Women's Entrepreneurship Advisory Board, which will be responsible for identifying new opportunities, giving recommendations about which organizations are eligible for support, promoting the program, and lobbying for additional support, was also introduced. The Board was established on January 14 and consists of nine women from the Polog region including business leaders, beneficiaries of SBEP's support to expand their businesses, and representatives of municipalities. At the occasion of the signing, Ms. Gzime Fejzi gave a speech about how important it is to support small women-owned businesses, stressing that the entire community can benefit. In addition, she said: *"The two biggest barriers for women to establish and expand their business are the access to information and the access to capital. By establishing today's partnership [between USAID/SBEP and Ecolog], we are directly contributing to overcoming those barriers."*



H.E. US Ambassador Paul Wohlers addressing the audience at the MoU signing with Ecolog in Tetovo

SBEP's local NGO partner, ALRD, will serve as an administrative hub to manage the joint USAID/SBEP-Ecolog fund. Once the Board members share information about a potential opportunity, ALRD will investigate the details, and, if viable, will put it for consideration at the next Board meeting. The identification of opportunities will be a continuous process and the Board will meet once every two months to review and recommend which small business will receive support for expansion.

The Board's activities and the existence of the fund will be promoted among the wider public through TV and radio appearances, news stories, and also a Facebook page. This will help create awareness among peer companies in the region and inspire them to join the initiative, but also encourage small businesses in need of support to expand operations, approach the Board, and apply for funding.

In addition to these activities, the support of previously-identified initiatives has continued with one new woman-owned business supported this quarter: Jehona's Event Agency. Jehona Shabani started her business in 2010, organizing different types of events, including weddings, birthdays, business promotions, etc. Her business picked up quickly with a significant portion of her clientele being members of the Diaspora. In the process, she has realized the needs of her clients and decided to expand into offering bridal dresses. SBEP's support consists of sewing machines and professional ironing equipment. This will entail at least two new full-time jobs at her agency, and a several part-time engagements for women doing fine embroidery and other ornaments at home.



Ms. Jehona Shabani of Jehona's Event Agency, showing photographs of events they have organized

Two more initiatives have been identified and are in the pipeline for the coming period. These will be financed with SBEP's funds, while another two will be on the agenda for the next meeting of the Advisory Board scheduled for early April.

MONITORING AND EVALUATION

SBEP staff continues to track results from its activities according to the indicators in its Performance Monitoring Plan (PMP). Alongside continuous documentation of all field visits, activities and events, SBEP staff makes sure that baseline data is gathered for each new initiative/opportunity/beneficiary. For example, in the coming period, SBEP is planning to gather baseline information from all the 80 new corn farmers that will be part of the program this year. For that purpose, the questionnaire from last year has been revised and questions were added (or deleted) as necessary. This information is crucial so that we measure the results from the intervention in terms of quantities and price of inputs, as well as outputs at the end of the season. Attached are the summarized figures for this quarter. (Annex I)

ENVIRONMENTAL COMPLIANCE

SBEP screens all new proposed activities for environmental impact according to a “decision tree” system developed as part of our Programmatic Environmental Assessment (PEA). For those activities which warrant environmental oversight, we design a mitigation and monitoring plan and submit an Environmental Review Checklist (ERC) to USAID for approval. These activities may not proceed until USAID has approved the corresponding ERC. Since the beginning of the Project, we have submitted five ERCs to USAID: two on drip irrigation initiatives, one on collection of wild-gathered products, one on growing wheat, and one on acquiring HACCP standards. All have been approved, and we continue to monitor these activities according to the metrics established in each ERC. Our robust M&E system includes environmental data tracking, and two members of our team recently attended a one-day training put on by the Bureau Environmental Officer from USAID/E&E in Washington.

Following is an update on our efforts to ensure that the implementation of activities is in line with the approved ERCs and USAID and local regulations and best practices.

Drip irrigation for corn

Although drip irrigation was not an unknown technology in Macedonia, it was piloted for the first time for growing corn within SBEP's Grow More Corn initiative in 2013. This technology is in itself more environmentally friendly, as less water is used than with conventional irrigation methods, and at the same time the plants absorb 90% of the fertilizers used. With conventional irrigation only 15% of the fertilizers go into the plant, while 85% remain in the soil, or is washed away because of the irrigation method used. In addition, as the water and nutrients feed directly into the root of the plants, the soil around the corn is not as conducive for the growth of weeds, which in turn require treatment and also inhibit the growth of the corn. The introduction of this type of irrigation is, in and of itself, a mitigation of practices to date and represents development towards more environmentally sustainable farming.

In the first year, SBEP has continuously monitored the farmers in its program, and made a concerted effort to collect data at the beginning and at the end of the season, using questionnaires, farmer interviews, and site inspections to gain data on fertilizer, fuel, labor, and water usage, in collaboration with Magan-Mak and the NEA. However, we learned in Year One that the majority of the farmers could not always provide exact figures. For example, major gaps in the water regulatory system have often allowed farmers to use this resource without assuming the full corresponding costs. Still, on the basis of last year's experience, we learned that the farmers spent approximately one-fifth of the labor time irrigating with drip irrigation compared to their experience with traditional methods in previous years.

For the coming season, SBEP has modified our methodology in order to capture more detailed information about farmers' practices. In addition to improved questionnaires, SBEP has designed a system whereby interviews and focus groups will be used to gather necessary baseline data. This data will, in turn, be used against the on-the-field data that will be collected at a regular basis to ensure that all ERC requirements are being met.

Wild-gathered products

As explained in the ERC for this activity, SBEP's efforts actually contribute to reducing negative impact regarding the situation with the collection of wild-gathered products: if the local population has had a tradition of going out into the forests and collecting these products without the appropriate knowledge of how to do so in an environmentally responsible and sustainable manner, with the trainings they are now learning about the species that should be collected, and how and when to collect them so that their natural life cycle is not interrupted.

Since the beginning of the initiative, SBEP has conducted two informational trainings for collectors and collection center owners/employees, organized 29 trainings in the Polog and Pelagonija regions, and trained a total of 705 collectors on proper and sustainable collection practices. In addition, SBEP has organized two study tours for the owners of the new collection center and representatives of the National Park Mavrovo to already existing collection centers in other parts of the country, with the purpose of familiarizing them with the operations of a center, and to acquaint them with colleagues.

For the trainings, SBEP has contracted experts from ProBio, the only company in Macedonia with the Swiss FiBL¹ certification to perform trainings for collectors of wild gathered herbs, fruits and mushrooms as well as collection center employees according to sustainable principles and rules that are in force in the Republic of Macedonia. This refers to the regulation that has been adopted by Makedonski Shumi², the Public Enterprise for management of the forests, which prescribes the type, quantities, locations, time and methods of collecting other non-timber forest products, as the wild herbs, mushrooms and berries are officially referred to, as well as that the collection may only be done if one has a license issued by the Public Enterprise. The regulation prescribes that not only the collectors, but also the collection centers need to be certified, which in fact enables traceability of the collected goods, which is a prerequisite for exports to the EU – the main market for these products.

As the National Park Mavrovo is a separate entity from the Public Enterprise Makedonski Shumi, it is responsible for, i.e. manages the natural resources on the territory of the Park. SBEP has assisted the Park authorities in developing regulation similar to the one of the Public Enterprise, regarding the collection of wild-gathered products. In addition, all the trainings conducted there are in line with the regulation, and all the rangers working in the Park have been trained.

With this activity, SBEP has taken the lead in training collectors and collection center owners and employees in line with the new regulation and in cooperation with ProBio in certifying them according to regulation. This enables them to acquire licenses from the Public Enterprise, i.e. the National Park Mavrovo and engage in this income-generating activity according to the existing Macedonian regulation.

¹ FiBL is an independent, non-profit, research institute with the aim of advancing cutting-edge science in the field of organic agriculture. FiBL's research team works together with farmers to develop innovative and cost-effective solutions to boost agricultural productivity while never losing sight of environmental, health and socio-economic impacts. Alongside practical research, FiBL gives high priority to transferring knowledge into agricultural practice through advisory work, training and conferences. **The Swiss Research Institute of Organic Agriculture (FiBL) provides advisory services to the MAFWE in preparation of regulations for organic agriculture, as well as expertise in transferring organic agricultural practices in Macedonia.** FiBL has offices in Switzerland, Germany and Austria and numerous projects and initiatives in Europe, Asia, Latin America and Africa. For more information see <http://www.fibl.org/en/fibl.html>

² http://www.mkdsumi.com.mk/proizvodi_i_uslugi.php?page=5&s=5

Wheat

The idea behind SBEP's Wheat Initiative was to improve the quality and the quantity of the wheat produced in Pelagonija, which is Macedonia's "breadbasket" of agricultural production. In that context, SBEP organized a conference on good agricultural practices, for which the farmers showed great interest and readiness to adopt and apply for improving wheat yields as well as quality. As a result, SBEP identified a total of 33 wheat farmers who made up the pilot group which was educated on sustainable wheat production practices. All of them have benefited from soil analysis covered by the Project. The soil analysis gives information about its composition, thus providing basis for precise dosage of inputs to achieve the balance necessary for optimal growth of the crop and preservation of soil nutrients.

The farmers not only received training on how to remove soil for analysis, but SBEP staff was there to make sure they followed the necessary protocols and assist them. On the basis of the analyses, which were conducted by the Faculty of Agriculture, each of the 33 pilot farmers received a first recommendation for appropriate fertilizer use for the upcoming fall planting season. A second recommendation was distributed to each of them in March 2014, specifying how much fertilizer they need to apply in the spring.

The next data collection will happen in June-July 2014, after the harvest, in order to determine the impact on yields and quality.

HACCP standards

One of the small women-owned businesses supported within the Women in Business initiative is Ms. Rabiye Sinani's bakery. She has started working at home, slowly growing her business over the years. With SBEP's support she was able to expand her business even more, and sell her products – cakes, traditional sweets, pasta, etc. – in retail. For this purpose, USAID requested that she upgrade her workshop according to HACCP standards, by adding additional professional equipment, and also doing minor refurbishing to the space in order to satisfy requirements. To date, Ms. Sinani has done the refurbishment, and has purchased a part of the equipment. In order to fully satisfy requirements, she still needs to acquire additional equipment, which she plans to do in the coming period.

ADMINISTRATIVE UPDATE

During this quarter, Project Specialist Mr. Matt Inbusch spent two weeks in Macedonia, providing operational support for the Project. Mr. Inbusch will soon be leaving CARANA, and Liz McKenna will take over in his role from the Arlington home office. She will start in April, and will assume full backstopping responsibilities for the project by the end of May.

SBEP continues to add staff as we expand into new regions. Mr. Martin Trajchev was brought on to head up our activities in the Northeast Region, and we will soon hire two other staff as coordinators for this new area.

ANNEXES

[Annex I: SBEP Performance Monitoring Plan table for current reporting period](#)

[Annex II: SBEP Calendar of Activities for current reporting period](#)